



# 7 SECRETS

TO PAYING FOR SENIOR LIVING

# 1

## REMEMBER THOSE WHO SERVED

**Did you know veterans and their surviving spouses may be eligible for Veterans Aid and Attendance, a benefit that can help with a portion of assisted living and skilled nursing costs?**

If you are eligible for a Veteran's Administration pension, and require the care and assistance of another person, you may qualify for this benefit in addition to your monthly pension.

### ■ The Benefits

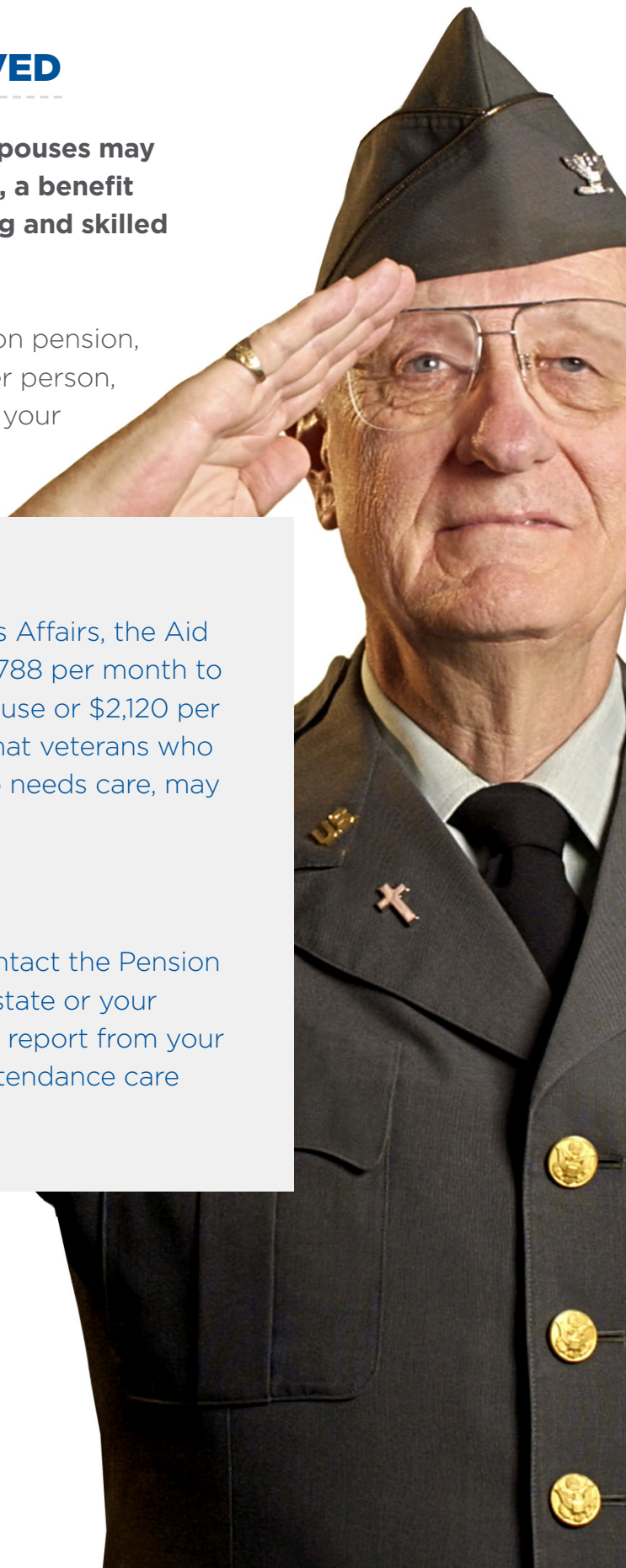
According to the U.S. Department of Veterans Affairs, the Aid and Attendance benefit can provide up to \$1,788 per month to a veteran, \$1,149 per month to a surviving spouse or \$2,120 per month to a couple. Also, many don't realize that veterans who are independent, but who have a spouse who needs care, may qualify for up to \$1,406 per month.

### ■ How to Apply

To apply for Aid and Attendance benefits, contact the Pension Management Center (PMC) that serves your state or your local regional benefit office. Include copy of a report from your physician confirming the need for Aid and Attendance care along with your application.



Source: [www.va.gov](http://www.va.gov)



## 2 BRIDGE THE GAP

If you need help with costs to transition to senior living, some financial service firms offer bridge loans to help cover costs, while seniors wait for the sale of a home or for other benefits to kick in.

With the number of people age 65 and older rising, new services are now available, tailored to seniors. Elderlife Financial Services, and others, can help make the transition to senior living easy and affordable, with help to plan, locate and fund their senior housing needs.

### **CONSIDER THESE TWO OPTIONS:**

#### **1. Bridge Loan for Senior Living**

The need for senior living can be unexpected and sudden due to medical emergencies or the realization that living at home is no longer safe. Many senior financial services will provide a bridge loan to help cover the costs during the transition. The condition of the loan states it will be repaid once the funds are available, like for example, through the sale of a house.

#### **Bridge Loans Have many Benefits:**

- Funds typically process within 24 hours and are wired directly to the senior living community.
- The loan isn't contingent on collateral, like a home or car, so the approval process is quick.
- Many senior living providers cover interest payments.
- Most lenders allow up to six applicants to split the loan, so it is a good option for families.



## 2. Paying the Entry Fee for Life Care Communities

Senior financial services firms can also help pay any potential upfront entry fee for Life Care communities, also sometimes known as Continuing Care Retirement Communities or CCRCs. This arrangement between the resident and the community guarantees he or she will receive care, even if they exhaust their financial resources. Senior financial services assist with that initial charge by providing a loan, and then help to sell a house or liquidate assets.



**For more information,**  
visit: [www.elderlifefinancial.com](http://www.elderlifefinancial.com)



# 3

## REPURPOSE YOUR POLICY

If you or your loved one has an existing life insurance policy, you may be able to convert an in-force policy to a pre-funded account to help pay for senior care.

### Convert a policy and use it right away

A long-term benefit plan converts an in-force life insurance policy into a pre-funded account that can be used to immediately make tax-free payments to a senior living community. You can convert a universal, whole, term or group policy and use it for assisted living, dementia care, skilled nursing, hospice or private-duty home health.

### No more premium payments

According to Life Care Funding, there are no application fees and no obligation to apply. Once the policy is converted, the enrollee is no longer responsible for life insurance premium payments, and the policy is no longer considered an asset that will count against future Medicaid eligibility.

**“This financial option is especially helpful for seniors, because all health conditions are accepted, there are no waiting periods, no care limits, no costs to apply, no requirement to be terminally ill and no premium payments**

**“Long-term care benefit payments last on average between one to three years, and the benefit is adjustable, so the monthly payment can be customized to meet changing healthcare needs.**



**For more information,**  
visit: [www.lifecarefunding.com](http://www.lifecarefunding.com)

Life Insurance



# 4

## COVER YOUR CONTINUED CARE

If you are concerned about covering changing healthcare needs, consider the benefits of a Life Care<sup>1</sup> community, which offers long-term accommodations and health-related services with an entry fee.

If you're retired, you've probably thought about how to make your assets last, so you'll have the security and retirement you deserve. If you're concerned that you won't have resources to cover additional expenses, if your needs change, consider the benefits of Life Care.

- **Nearly 70 percent of people age 65 or older**  
will require long-term care at some point, according to the U.S. Census Bureau.

If you are age 65 or older and meet financial and medical criteria, you may be eligible. Most Life Care communities offer a range of accommodations and care, including independent living, assisted living, Alzheimer's and dementia care and rehabilitation and skilled nursing.

Entry fees for Life Care communities typically range from \$150,000 to \$300,000. When they're ready to downsize, many seniors fund the buy-in fee by selling their current homes.

Fees vary depending on the type of accommodations and level of care you need. Monthly service fees typically average \$2,500 to \$3,500, depending on the contract.

The amount may vary slightly from year to year, so it's important to ask about the potential for annual increases. You may also choose a refundable contract that returns a portion — up to 90 percent — of your entry fee to your designated beneficiary.



**The IRS considers Life Care to be a prepaid medical expense, so tax deductions are often available for portions of the upfront entry fee and monthly service fee — typically up to 40 percent<sup>2</sup>.**

## **New adventures with new friends**

Most importantly, Life Care communities are a great place to meet new friends, enjoy social and cultural outings, take interesting classes and even volunteer.



**For more information,**  
visit: [www.AARP.org](http://www.AARP.org)

[1] The Life Care guarantee is subject to the terms of the life care contract.

[2] This information is not intended to provide, and should not be relied on for, tax advice. You should consult your own tax, legal and accounting advisors. [2] This information is not intended to provide, and should not be relied on for, tax advice. You should consult your own tax, legal and accounting advisors.

Consult with your tax advisor for more details.

# 5

## MAKE THE MOST OF MEDICARE

You may be eligible for Medicare, a federal health insurance program for people who are age 65 or older, with coverage for inpatient hospital stays, care in a skilled nursing center, hospice care and some home health care.

### What is Medicare?

Medicare's different parts help cover specific services:

#### Medicare Part A (Hospital insurance)

Part A covers inpatient hospital stays, care in a skilled nursing center, hospice care and some home health care.

#### Medicare Part B (Medical insurance)

Part B covers certain doctors' services, outpatient care, medical supplies and preventive services.

#### Medicare Part C (Medicare Advantage Plans)

This is a type of Medicare health plan offered by a private company that contracts with Medicare to provide you with all your Part A and Part B benefits. Most Medicare Advantage Plans offer prescription drug coverage too.

#### Medicare Part D (Prescription drug coverage)

Part D adds prescription drug coverage to Original Medicare, some Medicare Cost Plans, some Medicare Private-Fee-for-Service Plans and Medicare Medical Savings Account Plans.

### How can I figure out what kind of coverage I have?

1. Check your red, white and blue Medicare card.
2. Check all other insurance cards that you use.  
Call the phone number on the cards to get more information about the coverage.
3. Check your Medicare health or drug plan enrollment.
4. Call 1-800-MEDICARE (1-800-633-4227). TTY users should call 1-877-486-2048.



## Is home health covered by Medicare?

If your loved one meets Medicare's definition of homebound, he or she may be entitled to Medicare's home health benefit with doctor's orders.

## Are Medicaid and Medicare the same?

Medicaid, which is different than Medicare, is a joint federal and state program that helps with medical costs for some people with limited income and resources. Medicaid also offers benefits not normally covered by Medicare, such as long-term care and personal care services.



**For more information,** visit: [www.medicare.gov](http://www.medicare.gov)



Source: [www.medicare.gov](http://www.medicare.gov)



# 6

## FLIP THE FLOW

If you are age 62 and older and have equity in an existing home, consider a reverse mortgage, also known as a home equity conversion mortgage. You can stay in your own home while tapping into a tax-free cash flow that can be used for expenses like in-home care or long-term care insurance.

### The Upside of a Reverse Mortgage

- You own your home, not the bank.
- There are no restrictions on how the money can be used.
- Reverse mortgages are backed by and regulated by the US Department of Housing and Urban Development (HUD).
- Heirs of seniors are not responsible for repayment of this loan, even if the home's value goes down.
- Income from a reverse mortgage is tax-free and doesn't affect Social Security or Medicare benefits.

### The Downside

- Proceeds from a reverse mortgage may affect Medicaid benefits.
- Closing costs can be high with fees that are higher than a conventional mortgage.
- Homeowners are still responsible for property taxes, insurance and upkeep.
- Homeowners will not be able to pass the family home down to heirs.
- If you plan to move in the near future or you have to move because you need more care, a reverse mortgage may not be the right choice for you.

Securing a reverse mortgage is a big decision, so it's important to talk to a financial advisor or an elder law attorney who can help you and your family weigh the pros and cons. Also, HUD-sponsored counseling services are available to offer impartial advice and help you find a reputable lender. Reverse mortgages aren't the best choice for everyone, but they could help you generate cash flow for a better quality of life.



**For more information,**  
visit [www.hud.gov](http://www.hud.gov)

Sources: [www.hud.gov](http://www.hud.gov), [www.seniorliving.org](http://www.seniorliving.org)

# 7

## GO PUBLIC WITH YOUR CHOICE

The U.S. Department of Housing and Urban Development (HUD) offers three types of affordable rent programs for seniors: public housing, multifamily subsidized housing and voucher housing programs.

### Public housing

Public housing is rental housing for the elderly, low-income families and those with disabilities. The program is managed and run by local Public Housing Agencies (PHAs) with funding administered by HUD.

**Low-income families and individuals, including the elderly and those with a disability, are eligible for public housing.** Income limits will vary based on area. Check with your local PHA for eligibility requirements.

### Multifamily subsidized housing

Also known as Section 202 Supportive Housing for the Elderly, this program **offers rent-assisted housing specifically for seniors** and the disabled to live as independently as possible, but who may need some assistance with activities of daily living (ADLs) such as dressing and bathing. Features vary by community by amenities often include housekeeping, transportation to health care and home-delivered meals.

### Housing vouchers

The Housing Choice Voucher Program (HCVP), formerly called Section 8, provides **rent vouchers for housing in the private market to low income individuals, families, the elderly and the disabled.** The vouchers may be used for specific properties managed by the local PHAs. There are two types of vouchers: tenant-based and project-based. Tenant-based vouchers (TBVs) are unique to the renter and move from property to property. Project based vouchers (PBVs) are assigned to particular units and buildings and are not transferable.



**For more information about these programs and eligibility requirements,**  
visit: [www.hud.gov](http://www.hud.gov)

